Lebanon
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RESTRICTED

MEMORANDUM OF CONVERSATION

May 17, 1953

9:45 A.M.

SUBJECT: Lebanon

PLACE: American Embassy, Beirut, Lebanon

PARTICIPANTS:

United States	Lebanon
Honorable Harold E. STASSEN, Director, Mutual Security Agency	Hollis W. PETER, Country Director, Technical Cooperation Service, Lebanon
Robert E. MATTESON, Special Assistant to Mr. Stassen	Henry J. SABATINI, Executive Officer, TCS/L
	Carl BEHRENS, Acting Program Officer, TCS/L
	R.B.FARNSWORTH, Chief, Education, TCS/L
	Dr. Clawson CANNON, Acting Chief, Agriculture, TCS/L
	Trevor CHRISTIE, Tourism Specialist, TCS/L
	Robert HERDMAN, Chief, Litani, TCS/L
	Dr. Eugene GILLIS, Chief, Public Health, TCS/L
	Darrell PRICE, Information Officer, TCS/L
	James LOBENSTINE, Economic Officer, Embassy
	D.H. MARSACK, Deputy Regional Representative, UNTAB

DEPARTMENT OF STATE A/CDC/MR.

REVIEWED BY Wolf Jr. DATE 5/25/82

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REPORTER: Hollis W. PETER

The meeting commenced about 9:45 A.M. Mr. Peter summarized the structure of the Point Four operations in Lebanon, pointing out that the major staffs in Water Resources, Agriculture, Health, Education, and Industry corresponded to the Technical Ministries of the Government of Lebanon in these fields. The major emphasis by the Government of Lebanon upon water resources development was reflected by a heavy stress on this field in the Point Four program, in which the Litani River Survey was the largest project. He pointed out that there were no joint fund or servicio operations in

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Lebanon, but that each of the Point Four technical staffs worked with the ministries under cooperative project agreements describing specific activities. On the American Point Four staff, there are 48 technicians and 15 program direction staff including secretaries. Mr. Peter also described the organizational relationship with the Government of Lebanon at the general policy planning level, accomplished through a Provisional Liaison Committee established by President Chamoun and chaired by Mr. George Hakim who is now also Chairman of the new Economic Development Council.

Mr. Peter described the chronology of the Point Four program, indicating that the bulk of the projects had been signed this last spring even though project activities had been initiated some months earlier. The 3.1 million dollars of program funds committed by the Program Agreement of June 26, 1952 was being used over the two fiscal years, 1952 and 1953, due to delays in getting the cooperative program under way.

He emphasized the economic development activities initiated by the Government of Lebanon, including the establishment of the Economic Development Council, and the beginning of a five-year plan for economic development, the establishment of a four-year developmental budget of 25 million pounds allocated almost exclusively to water resources development projects, and the discussion with the Government of a Regional Development bank and a Lebanese Industrial and Agricultural Bank. He mentioned the importance of the regional economy to Lebanon due to its location as the gateway to the Near East and its inter-dependence with the other countries in the Near East in its transportation, commercial and banking services. At the same time, there does not appear to be a great potential within Lebanon for regional development projects, except possibly highways, port development, and the international river Orontes, and certainly no possibility of re-settling any appreciable number of refugees. Mr. Peter pointed out that within the Point Four program in Lebanon, there were important regional aspects for tourism, marketing of agricultural production, and the Industry Institute which was expected to become a service institute to industries throughout the region as well as in Lebanon. He mentioned also that Lebanon was the headquarters of the Regional Locust Control and the location of the American University of Beirut Regional Training Program.

On the subject of economic aid, Mr. Peter emphasized that no economic aid should be offered to Lebanon until there was more evidence that the Government of Lebanon was doing its best to use available sources of capital and outside financing, such as the IBRD, the Export and Import Bank, and private investors. He pointed out that for some projects, such as the Litani, there might be a need for a small amount of economic aid if the project were not completely bankable; and that for certain other regional projects, such as highways or international rivers, there might be a later need for some economic aid. However, since Lebanon cannot

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settle additional refugees and has a limited amount of land which can be brought under irrigation, there is not as large an argument for economic aid as in some of the surrounding countries; and it is particularly important that U.S. economic aid in Lebanon not become a substitute for efforts which might be expected of the Lebanese Government.

Mr. Stassen inquired particularly about the Litani Survey Project, and Mr. Herdman, Project Engineer, gave a more detailed report on the accomplishments of the Litani staff to date, and the possibilities indicated by the studies already completed. Mr. Stassen emphasized his own belief that providing additional irrigated land was the most important use of water and should take precedence over using water for producing electric power since the oil supplies of the region might be used for providing power at approximately the same cost in Lebanon. Mr. Herdman pointed out that the cost-benefit studies indicated a much higher return from hydro-electric power use than from irrigation, but that intangible benefits of settling families on irrigated land would have to receive heavy weight. He also described the technical difficulty involved in the Litani Project where most of the irrigable land is above the water-storage sites. The proposed irrigation system of the South Bekaa was discussed in some detail. Mr. Herdman also described the political difficulties associated with the Litani Survey due to the great fear on the part of the Lebanese that the project would in some way benefit Israel or be vulnerable to Israeli aggression.

At the request of Mr. Stassen, Dr. Cannon described the Agricultural Program in Lebanon, including the three experimental farms now being used by Point Four in cooperation with the Ministry of Agriculture and the research work on new types of seed. He also described the Livestock Breeding Program briefly. In the course of this discussion, the difficulties encountered in obtaining supplies and equipment from the states was mentioned, and Mr. Stassen showed particular interest in these delays in procurement.

Time did not permit any discussion of UN Technical Assistance activities or their relation to the bilateral program in Lebanon.

The meeting closed at approximately 10:20 A.M. as Mr. Stassen was scheduled to depart with Secretary Dulles for their next meeting.